

Appl. No.: 09/634,041
Amendment Dated: October 17, 2006
Reply to Office Action dated August 31, 2006

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Remarks/Arguments

Reconsideration of this application is requested.

Claims 1-5 and 8-16 have been rejected by the Examiner under 35 U.S.C. §103(a) over Chong (U.S. Patent No. 5,335,169) in view of RFP No. 001185 or Francisco et. al. (U.S. Patent No. 6,078,899) and Johnson et al (U.S. Patent No. 5,335,169) Official Notice.

Chong discloses the following in column 4, lines 43-62:

"In Appendix A, an example of the screen interface with the user for the customer file maintenance module 31 is shown. This input interface allows the user to add new customer data records, change existing records, or delete inactive records. In particular, the input screen has field (1) for entering a customer identification number, field (2) for the customer name, fields (3-7) for the address, field (16) for the customer location code, field (24) for the tax rate code, and field (25) for the tax type code.

The customer location code indicates the applicable state taxing authority for sales to that customer. The code number is indexed to the corresponding support file generated by the tax authority (customer location) maintenance module 32. For the specific application of sales tax reporting, the primary tax authority for a company in the U.S. is the state and city or county where the company is located.

The tax rate code corresponds to the tax percentage that this customer is normally subject to."

Chong discloses the following in lines 45-57 of col. 6.

"In Appendix G, an example of the detailed breakdown of all revenues and taxes by state and taxing authority is shown. When this report is requested, the sales entry records are sorted by state. In the example of Appendix G, all revenues generated and sales taxes incurred from customers located in the state of Oregon will be printed on this page. The report is divided into two sections: the top section lists all taxable transactions, and the bottom section lists all non-taxable or tax-exempt transactions. Each detail line represents a revenue or tax item. The items are grouped by taxing authority if more than one taxing authority exists in the state."

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Chong discloses the following in lines 36-62 of col. 7.

"The sales records are also sorted by tax rate codes, and the tax rate names and types (indicating different taxing authorities) are printed as subheadings along with their respective listings of sales transactions. The totals for sales and tax amounts for each taxing authority are printed in the two end columns of the report.

By the above programmed system of the invention, the tracking and reporting of sales and tax amounts by state, taxing authority, and sales type (general ledger revenue account name) is accomplished automatically by creating support files indexing each customer identification number to customer identification data, state location, tax type, and tax rate, and assigning each sales type code to sales type name and report column.

Through this organization, the user of the system need only enter a customer identification number, sales type code, and sales amount to automatically a complete sales record, and to track and report each sales record under the appropriate designations of the sales tax report. This operation of the system greatly simplifies the task of tracking and reporting sales taxes. It can also be adapted in a similar manner to other types of complex rate assessments which require detailed tracking and reporting."

The following appears in the RFP in Appendix A on page 25 under the heading /.

Model 1:

"Description: Under this model, a retailer selects a CSP as an agent to perform all the retailer's sales tax functions. The agent then determines the amount of tax due, pays the tax to the states, and files returns with the states using a CAS. (Certified Automated System)"

The Examiner stated the following on page 7 and 8 of the August 31, 2006, Final Rejection.

" Even still, RFP #001185 further disclose the feature of privacy which answers Appellant's limitation of anonymity. RFP # 001185 clearly sets forth the privacy feature as a requirement of the proposal on page 15:

Privacy. -- A proposal must include procedures to protect the privacy of consumers and retailers in accordance with the following:
The Contractor is bound by the law of North Carolina prohibiting the disclosure of tax information.

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The Contractor must limit the collection, storage, processing, and dissemination of personal data to that which is relevant and necessary to the successful operation of the Pilot. Personal data is data that, identifies a purchaser, such as name and address.

The Contractor may not data-mine or sell any personal data gathered under the Pilot and, except as required by the State to administer sales and use tax, may not transfer any personal data gathered under the Pilot to any other person.

The Contractor must provide reasonable safeguards against the risk of unauthorized access, processing, or dissemination of personal data. The Contractor must provide a privacy notice for any on-line collection and must have a procedure whereby individuals can obtain and correct personal data about them that is maintained by the Contractor.

Thus, even if Chong could not be said to disclose an anonymous system, RFP #001185 provides the teaching of such a feature. Appellants would have the Board believe that there is no motivation for combining Chong with RFP 001185. However, Appellants have been usurped by their own admitted prior art. Page 4 of RFP 001185 entitled "Part 1 Purpose and Goals" of the RFP sets forth clear motivation for the reasonable expectation of success saying:

The key element is the use of an agent to perform the sales tax administration functions of a retailer and thereby relieve the retailer of as much of the burden of compliance as possible.

Thus, with such clear motivation set forth in RFP 001185 for using an agent to absorb burden of the tax compliance for a company, it would be an obvious step to employ such an agent in Chong. This is because like motivations are found in both references. Specifically, Chong discloses in Col. 1 lines 55-57:

[t]hese different tax collection and reporting requirements can be very confusing and onerous for a company. . .

Therefore, there can be no doubt that the motivation in both references is to relieve burden and onerous requirements. All that would need to be done in Chong to make this successful would be to outsource its tracking-system to an agent, rather than keep it in house."

Francisco discloses the following in column 1, lines 44-53:

"Sales tax rates and the items taxed vary from state to state. In most states, a Certificate of Authority is issued by the state government to retail establishments, this certificate authorizing retailers to collect sales tax from public consumers and then, in turn, pay over all

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collected sales tax proceeds to the state treasury. When cash transactions occur or inadequate records are kept, retailers sometimes fail to report the transactions and do not turn over the sales tax collected thereon."

Francisco discloses the following in column 2, lines 16-28:

"The consumer has no way of knowing if the collected sales tax is being turned over to the appropriate authorities.

It is apparent from the above that there exists a need in the art for a system and corresponding equipment and method to be implemented which increases the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies. By ensuring that a larger percentage of retail transactions are reported to taxing authorities and that a greater amount of the overall sales tax collected by retailers is paid over to state treasuries, local and federal economies can be more efficiently run and a lesser number of violators will slip through the cracks."

Johnson et. al. discloses the following in lines 35-41 of col. 32.

" If the system operator clicks the Comment button 88 in the Investigate Subscribers Window 80, the user interface accepts and saves a textual comment, possibly regarding the status and results of an investigation performed for the selected subscriber ID, in the Subscriber Comments field 85 of the Investigate Subscriber Window 80."

The Examiner stated the following on page 9 of the August 31, 2006, Final Rejection.

"Himmel et al. Is Used As An Evidence Reference to Support an Official Notice Statement.

Finally, notwithstanding the above, the patent to Himmel et al has been cited merely as evidence of the notoriously well known practice of restricting access to files, in particular in the internet environment. The Examiner's statement of Official Notice was challenged by Appellants during prosecution of this application and thus Himmel et al. was cited merely to evidence this position. Thus, the Examiner further submits that anonymity of records in database files is an old and obvious expedient in the art of networking. "

Himmel discloses the following in lines 54-59 of column 3:

"The present invention provides a method and apparatus for detecting, storing and retrieving information concerning advertisements which were viewed by a particular user, and using this stored information to dynamically alter the content of preferences as indicated."

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The art cited by the Examiner, taken separately or together, do not disclose or anticipate the method for collecting sales and/or use taxes claimed in claim 1 and those claims dependent thereon. The cited references do not disclose or anticipate step E of claim 1 namely, segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases for each taxing jurisdiction, wherein the identity of the seller is not revealed to the taxing jurisdiction and each taxing jurisdiction may only view its own data base if there is a sufficient suspicion of fraud based upon audit data;

Governments may restrict access to government data by the public. However, governmental bodies know the identity of people with whom they are dealing. An applicant cannot file a patent application without disclosing the identity of the inventor. A person's social security number must be placed on a Federal Income Tax Return. Governments also issue birth certificates, death certificates, passports, military discharge papers, fishing licenses, hunting permits and marriage licenses to positively identify individuals from the cradle to the grave. It is the government that protects and individual's privacy rights. For instance, the government will not disclose a taxpayer's Income Tax Return to the public. It is known in taxing situations that the purchaser of goods may not be revealed to the taxing jurisdiction. However, the seller of the goods is always known to the taxing jurisdiction since they are the one who filed the Tax Return.

A unique and unobvious aspect of Appellants' claimed invention is that an agent does not reveal to the taxing jurisdiction the identity of the seller. The foregoing will make it easier for taxing jurisdiction to collect taxes on the sale and/or use of goods that are made on remote sales, i.e., taking place over the internet or from catalogs.

The act of keeping the claimed seller, i.e., payee anonymous to the taxing jurisdiction is new and non-obvious. Applicants are unaware of any situation in which a taxing authority collects seller's sales and/or use taxes on remote sales that are segmented by an agent into different data bases, wherein the identity of the taxing jurisdiction is not revealed to the taxing jurisdiction.

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The Examiner indicated on page 10 of the August 31, 2006, Final Rejection the following claim 7.

This claim has been cancelled.

Will the Examiner please indicate in what amendment Applicant cancelled claim 7.

In view of the above claims 1-16 as amended are patentable. If the Examiner has any questions would he please contact the undersigned at the telephone number noted below.

Respectfully submitted,



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